

31 August 2022

Appendix 4E

The Directors of Site Group International Limited ("Site", ASX:SIT) release the:

- Appendix 4E – Preliminary Final Report for the year ended 30 June 2022

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Media and Investors

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Appendix 4E

(Unaudited)

Site

SITE GROUP INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

ABN: 73 003 201 910

PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Report for the year ended 30 June 2022

This report includes results for Site Group International Limited and its controlled entities for the year ended 30 June 2022 (current period) compared with the year ended 30 June 2021 (prior period).

The financial results of Site Group International Limited and its controlled entities are prepared in accordance with requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The preliminary final report is unaudited and contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2022. The Annual financial report is in the process of being audited.

Key Information

Results for announcement to the market

| | 30-Jun | | Change 22-21 | |
|---|--------------|--------------|--------------|------------------|
| | 2022 | 2021 | % | |
| Revenue from ordinary activities | 7,141,824 | 7,362,539 | (3%) | Decrease |
| Loss after tax from continuing operations | (6,592,436) | (8,637,238) | (24%) | Decrease of loss |
| Net Loss attributable to members | (7,349,868) | (7,276,206) | 1% | Increase of loss |

Explanation of key information

Results for Site Group International Limited show a revenue line of \$7,141,824 compared to \$7,362,539 in the prior corresponding period. The earnings before interest, taxes, depreciation and amortisation (EBITDA) from continuing operations was a loss of \$3,732,786 compared to a loss of \$5,552,137 in the prior corresponding period. The current year result was also significantly impacted by the large foreign currency loss in FY22 of \$1,385,906 compared to a foreign currency gain in the prior period of \$492,477.

Following the sale of the Australian Trades Training business completed in April 2021, Site has worked to create a more streamlined management team and removed overheads in line with the reduced overall activity in the group.

Site has continued to pursue the potential development of its 30-hectare Clark leasehold property in line with its strategy of maximising international asset values. On 1 August 2022 the transaction was confirmed for the sale of 61.6% of subsidiary Site Group Holdings Pty Ltd to an investor group consisting of a related party, existing substantial shareholders of Site as well as high net worth investors for \$US10.005m. The transaction values the Clark property at \$US16.25m and Site will retain 38.4% of the project. The transaction remains subject to Site obtaining Shareholder approval and as such Site will hold an extraordinary general meeting to seek approval for the transaction as soon as the documentation is finalised including an Independent Experts Report which will be made available to shareholders with the notice of meeting.

The expectation of significant training contract wins in KSA previously alluded to remain a likely indicator that the Middle East and North Africa region will drive significant growth in the international training business during 2023. Additionally, the impact of opening international borders should lead to a return to growth for the Site Institute business as the international student market returns to Australia.

Audit

The financial statements accompanying this Appendix 4E have not been audited. The audit process is currently taking place and it is likely that the Independent Auditor's Report will include a paragraph drawing attention to the going concern disclosure in the financial report that indicates a material uncertainty in relation to going concern. This disclosure is shown below

Going Concern

For the financial year ended 30 June 2022 the Group made a net loss of \$7,349,868 (2021: loss of \$7,276,206) and the cash outflow from operating activities for the year was \$1,698,101 (2021: \$1,791,755). At 30 June 2022, the Group had deficiencies in net assets and net current assets of \$21,847,406 and \$18,511,349 respectively. Notwithstanding the reported results, this financial report has been prepared on a going concern basis as the directors consider that the company and the consolidated entity will be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The directors have made enquiries of management, examined the Group current financial position and financial forecasts. Despite any material uncertainty that may cast doubt about the Group's ability to continue as a going concern, the directors have a reasonable expectation that the company and the group has adequate financial resources to continue as a going concern.

Significant matters identified by the directors include:-

- The reported loss is not considered by the directors to reflect the expected future performance of the group. These results were significantly impacted by COVID-19 on industries around the world with substantially impacted face to face contact and revenues for the year.
- During the COVID-19 period the group has made significant changes to its international and domestic businesses to reflect the lessening revenues caused by the pandemic. This has included non-recurring restructuring costs, impairments and redundancies.
- The group has sold the Site Skills Training domestic assets in FY21 which generated a cash payment of \$1.94m and potentially additional milestone payments of up to \$1m following FY22 and \$1.5m payable after FY23.
- The group continues to maintain the support of its existing debt providers to manage any maturing debt facilities within the best interest of the group.

The continuation of the company and the group as a going concern is dependent on the ability to achieve the following objectives:-

- Forecast cash flow from operations including the savings associated with restructuring and streamlining the corporate operations following completion of the asset sale of Site Skills Training in Australia;
- Forecast cash flow from the initial realisation of the value of the Clark Property project in the form of third party investors providing \$US10.005m to acquire a total of 61.6% of Site Group Holdings Pty Ltd and enabling the group to proceed with its strategy of maximising the value of the leasehold. This will allow for repayment of the current debt and advances outstanding of \$US8.225m as well as the recovery of significant funds to recoup the investment made to date by the group in positioning the project to realise its development potential. It is expected that the funding will be utilised by the company to meet its existing working capital requirements as well as funding the development program;
- Proposed capital expenditure management; and,
- Support of its investors through capital raising by way of debt or equity.

Should the above actions not generate the expected cash flow, the company may not be able to meet its debts as and when they become due and payable, and it may be required to realise assets and extinguish liabilities other than in the course of business and at amount different from those stated in the financial statements. The report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and the group not continue as a going concern.

Dividends paid

There have been no dividends paid.

Dividend reinvestment plan

There was no dividend reinvestment plan in operation during the year.

Net tangible assets per share

| | Current Period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary security | (2.59) cents | (1.78) cents |

Control gained or lost over entities during the year

Control Gained: None

Control Lost: None

Associates and joint ventures

The Group has no associates or joint ventures.

Commentary on the results for the year

The below table shows the result for the Group over the last 4 years.

| | 30-Jun 2022 \$ | 30-Jun 2021 \$ | Change 22-21 % | 30-Jun 2020 \$ | Change 21-20 % | 30-Jun 2019 \$ | Change 20-19 % |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue | 7,141,824 | 7,362,539 | (3%) | 15,320,718 | (52%) | 30,913,290 | (50%) |
| Net profit / (loss) | (6,592,436) | (8,637,238) | (24%) | (8,095,105) | 7% | (3,432,321) | 136% |
| add back | | | | | | | |
| Depreciation and amortisation | 1,362,973 | 1,436,904 | (5%) | 1,603,270 | (10%) | 1,413,716 | 13% |
| Interest expense | 1,522,911 | 1,723,418 | (12%) | 2,054,097 | (16%) | 415,197 | 395% |
| Income tax expense / (benefit) | (12,972) | (60,316) | - | 945,120 | - | (1,514,919) | - |
| deduct | | | | | | | |
| Interest income | 13,262 | 14,905 | (11%) | 24,291 | (39%) | 66,183 | (63%) |
| EBITDA* - Continuing Operations | (3,732,786) | (5,552,137) | (33%) | (3,516,909) | 58% | (3,184,510) | 10% |
| EBITDA* - Discontinued Operations | (526,952) | 2,748,661 | - | (1,960,053) | - | (1,310,647) | 50% |
| Non recurring items | | | | | | | |
| Impairment of PP&E, intangibles and right of use assets | 469,291 | 3,961,403 | - | 1,096,000 | - | - | - |
| Gain on sale of SST Domestic business | - | (3,569,996) | - | - | - | - | - |
| EBITDA before non recurring items | (3,790,447) | (2,412,069) | 57% | (4,380,962) | (45%) | (4,495,157) | (3%) |
| Operating cash inflow /(outflow) | (1,698,101) | (1,791,755) | - | (3,771,644) | - | (2,696,230) | - |

* Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure which is readily calculated and has broad acceptance and is used by regular users of published financial statements as a proxy for overall operating performance.

Table 1 Financial Summary

For the year ended 30 June 2022, Site Group International Limited reported a loss after tax from continuing operation of \$6,592,436 compared to an after-tax loss of \$8,637,238 in the previous corresponding period. The earnings before interest, taxes, depreciation and amortisation (EBITDA) from continuing operations was a loss of \$3,732,786 compared to a loss of \$5,552,137 in the previous period.

Site Skills Training – International

Site Skills Training – International division provides training and competency assurance services to organisations and governments in countries where local workforces require additional skills to meet global standards. The segment, based at Site's major training facility in Clark Freeport Zone near Manila in the Philippines, experienced a 23% increase in revenue to \$3,271,833 in the 12 months to June 2022, pared with \$2,654,168 in the prior year. EBITDA was a reduced loss of \$1,702,511 compared to an EBITDA loss of \$4,417,978 in the prior year.

To date SST International has provided education and training services to countries including the Philippines, PNG, Myanmar, Saudi Arabia, Bahrain, China, Singapore, Malaysia and has delivered services to governments and companies in locations including Timor-Leste, UAE, Azerbaijan, Africa and others.

The reopening of international borders is leading to a significant lift in enquiry for utilisation of the Clark facility in the Philippines with historical customers Fieldcore and OceanaGold set to recommence training in FY23. Additionally, Site WorkReady is increasing the provision of skilled trades people for markets in Australia, New Zealand and Africa.

Additionally the company continues to expand its operations and colleges with Abdulali Al-Ajmi Company for training colleges in Saudi Arabia. There is a focus on increasing numbers at the existing MCTC in Nairyah for the next intake in September 2022 in addition to anticipated positive response from tendered projects.

Energy Services

The Energy services segment incorporating the Wild Geese International business in Perth and the internationally based Site Group International Energy division ("SGI") provides specialist training services to the oil and gas industry including workforce design and identification, skills training and competency assessment and assurance.

Revenue for the 12 months increased by 46% to \$829,902 (2021: \$567,301) with an EBITDA loss of \$147,508 (2021: EBITDA loss of \$925,836).

Wild Geese International's involvement with the Queensland Natural Gas Exploration and Production Industry forum for the delivery of Queensland wide Industry Safety Inductions has provided services to growing numbers of contractor and operator companies in Queensland.

Tertiary Education

This segment provides tertiary education for international students seeking to develop careers in a range of different disciplines.

The growth rate of this division slowed from previous years with reported revenue of \$2,959,057 in 2022, down from \$3,820,368 in 2021. An EBITDA loss of \$132,721 was recorded compared to an EBITDA of \$372,224 in 2021.

Following the reopening of international borders, revenues are expected to grow as international students return to take the opportunity to study an ever-increasing range of courses with Site Institute.

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2022**

Statement of Comprehensive Income

| | | Consolidated Group | |
|--|------|--------------------|--------------------|
| | Note | 2022 \$ | 2021 \$ |
| Continuing operations | | | |
| Revenue from contracts with customers | 3 | 7,141,824 | 7,362,539 |
| Interest income | | 13,262 | 14,905 |
| Total income | | 7,155,086 | 7,377,444 |
| Contractor and other service providers | | (1,310,787) | (775,801) |
| Other direct fees and costs | | (1,317,821) | (1,412,909) |
| Employee benefits expense | 4 | (3,440,660) | (5,064,710) |
| Sales and marketing expense | | (766,969) | (987,288) |
| Occupancy expenses | | (374,663) | (518,071) |
| Depreciation and amortisation expense | 4 | (1,362,973) | (1,436,904) |
| Impairment expense | | (469,291) | (3,430,862) |
| Finance costs | 4 | (1,522,911) | (1,723,418) |
| Foreign currency (loss) / gain | | (1,385,906) | 492,477 |
| Fair value gain of financial liabilities at fair value through profit and loss | | 252,458 | 979,503 |
| Other expenses | 4 | (2,060,971) | (2,197,015) |
| Loss before tax from continuing operations | | (6,605,408) | (8,697,554) |
| Income tax benefit | 5 | 12,972 | 60,316 |
| Loss for the year from continuing operations | | (6,592,436) | (8,637,238) |
| Profit/(Loss) for the year from discontinued operations | 17 | (757,432) | 1,361,032 |
| Total loss for the year | | (7,349,868) | (7,276,206) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss in subsequent years (net of tax):</i> | | | |
| Translation of foreign operations | | 4,818 | (273,878) |
| <i>Items not to be reclassified to profit or loss in subsequent years (net of tax):</i> | | | |
| Remeasurement gain/(loss) on defined benefit plan | | 44,444 | 99,878 |
| Total other comprehensive (loss)/income | | 49,262 | (174,000) |
| Total comprehensive loss | | (7,300,606) | (7,450,206) |
| Earnings per share | | | |
| Earnings per share for loss attributable to the ordinary equity holders of the parent | | | |
| Basic and diluted (cents per share) | 2 | (0.87) | (0.86) |
| Earnings per share for continuing operations | | | |
| Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the parent | | | |
| Basic and diluted (cents per share) | 2 | (0.78) | (1.03) |

The above statement should be read in conjunction with the accompanying notes.
The financial statements are in the process of being audited.

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES AS AT 30 JUNE 2022**

Statement of Financial Position

| | Note | Consolidated Group | |
|--|------|---------------------|---------------------|
| | | 2022 \$ | 2021 \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 139,287 | 166,053 |
| Trade and other receivables | 6 | 920,747 | 1,188,543 |
| Contract assets | | 10,353 | 41,002 |
| Inventories | | 11,471 | 14,521 |
| Prepayments | | 159,116 | 232,802 |
| Financial assets at fair value through profit or loss | 17 | 600,000 | - |
| Current tax asset | | 2,887 | - |
| TOTAL CURRENT ASSETS | | 1,843,861 | 1,642,921 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 3,132,957 | 3,680,580 |
| Right-of-use assets | 16 | 3,675,803 | 4,309,876 |
| Intangible assets | 8 | 2,034 | 445,004 |
| Security deposits | | 523,910 | 793,776 |
| Other non-current financial assets | | 16,435 | 16,435 |
| Financial assets at fair value through profit or loss | 17 | 783,085 | 1,504,269 |
| Deferred income tax asset | 5 | 763,574 | 830,838 |
| TOTAL NON-CURRENT ASSETS | | 8,897,798 | 11,580,778 |
| TOTAL ASSETS | | 10,741,659 | 13,223,699 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 8,429,748 | 6,348,256 |
| Contract liabilities | 10 | 43,305 | 88,113 |
| Interest bearing debt | 11 | 10,511,908 | 2,015,798 |
| Lease liabilities | 16 | 1,062,640 | 1,027,525 |
| Current tax liabilities | | - | 11,299 |
| Provisions | 12 | 299,024 | 345,232 |
| Financial liabilities at fair value through profit or loss | 13 | 8,585 | 166,798 |
| TOTAL CURRENT LIABILITIES | | 20,355,210 | 10,003,021 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 5,595,083 | 5,595,083 |
| Provisions | 12 | 232,482 | 327,712 |
| Interest bearing debt | 11 | - | 5,234,958 |
| Lease liabilities | 16 | 6,406,290 | 6,515,480 |
| Financial liabilities at fair value through profit or loss | 13 | - | 94,245 |
| TOTAL NON-CURRENT LIABILITIES | | 12,233,855 | 17,767,478 |
| TOTAL LIABILITIES | | 32,589,065 | 27,770,499 |
| NET LIABILITIES | | (21,847,406) | (14,546,800) |
| EQUITY | | | |
| Issued capital | 14 | 83,719,540 | 83,719,540 |
| Reserves | 15 | 2,700,457 | 2,695,639 |
| Accumulated losses | 15 | (108,267,403) | (100,961,979) |
| TOTAL DEFICIENCY OF EQUITY | | (21,847,406) | (14,546,800) |

The above statement should be read in conjunction with the accompanying notes.
The financial statements are in the process of being audited.

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2022**

Statement of Changes in Equity

| | Share Capital (note 14) \$ | Accumulated losses (note 15) \$ | Foreign currency translation reserve (note 15) \$ | Share based payments reserve (note 15) \$ | Total \$ |
|---|----------------------------------|--|--|---|--------------|
| Consolidated Group | | | | | |
| Balance at 30 June 2020 | 83,366,140 | (93,785,651) | 1,431,155 | 1,534,862 | (7,453,494) |
| Comprehensive income | | | | | |
| Loss for the year | - | (7,276,206) | - | - | (7,276,206) |
| Other comprehensive income for the year | - | 99,878 | (273,878) | - | (174,000) |
| Total comprehensive income /(loss) for the year | - | (7,176,328) | (273,878) | - | (7,450,206) |
| Transactions with owners, in their capacity as owners, and other transfers | | | | | |
| Shares issued during the year | 353,400 | - | - | - | 353,400 |
| Transaction costs | - | - | - | - | - |
| Share-based payments | - | - | - | 3,500 | 3,500 |
| Total transactions with owners and other transfers | 353,400 | - | - | 3,500 | 356,900 |
| Balance at 30 June 2021 | 83,719,540 | (100,961,979) | 1,157,277 | 1,538,362 | (14,546,800) |
| Comprehensive income | | | | | |
| Loss for the year | - | (7,349,868) | - | - | (7,349,868) |
| Other comprehensive income for the year | - | 44,444 | 4,818 | - | 49,262 |
| Total comprehensive income /(loss) for the year | - | (7,305,424) | 4,818 | - | (7,300,606) |
| Transactions with owners, in their capacity as owners, and other transfers | | | | | |
| Shares issued during the year | - | - | - | - | - |
| Transaction costs | - | - | - | - | - |
| Share-based payments | - | - | - | - | - |
| Total transactions with owners and other transfers | - | - | - | - | - |
| Balance at 30 June 2022 | 83,719,540 | (108,267,403) | 1,162,095 | 1,538,362 | (21,847,406) |

The above statement should be read in conjunction with the accompanying notes.
The financial statements are in the process of being audited.

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2022**

Statement of Cash Flows

| | Consolidated Group | |
|---|--------------------|--------------------|
| Note | 2022 | 2021 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 7,499,843 | 16,409,488 |
| Payments to suppliers and employees | (8,353,278) | (18,106,059) |
| Interest received | 768 | 12,116 |
| Interest paid | (841,907) | (1,199,671) |
| Income tax paid | (3,527) | (69,068) |
| Government grants and tax incentives | - | 1,161,439 |
| Net cash (used in) operating activities | (1,698,101) | (1,791,755) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment for property, plant and equipment | (24,268) | (370,791) |
| Payments for investments | - | - |
| Proceeds from sale of investments | - | 199,169 |
| Proceeds from sale of business | - | 1,799,189 |
| Proceeds from sale of property, plant and equipment | - | 28,143 |
| Purchase of intangible assets | - | (258,920) |
| Cash backed performance bonds | 196,087 | 89,563 |
| Net cash (used in) investing activities | 171,819 | 1,486,353 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | - | 323,400 |
| Proceeds from exercise of employee share plan | - | - |
| Proceeds from borrowings | 2,196,092 | 1,000,000 |
| Repayment of borrowings | - | (1,000,000) |
| Principal repayments - lease liabilities | (678,711) | (1,079,549) |
| Transaction costs on shares | - | - |
| Net cash (used in) / provided by financing activities | 1,517,381 | (756,149) |
| Net (decrease) / increase in cash held | (8,901) | (1,061,551) |
| Effect of exchange rates on cash holdings in foreign currencies | (17,865) | (19,215) |
| Cash and cash equivalents at beginning of financial year | 166,053 | 1,246,819 |
| Cash and cash equivalents at end of financial year | 139,287 | 166,053 |

The above statement should be read in conjunction with the accompanying notes.
The financial statements are in the process of being audited.

Notes to the Financial Statements for the Year Ended 30 June 2022

Note 1 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group has organised its business into four separate units based on the products and services offered – the Chief Operating Decision Makers (“CODM”), being the directors and executive management of the Group, review the results on this basis.

The three reportable business segments of the Group are:

- **Site Skills Training - International** operates a 300,000m² facility at Clark Freeport Zone in the Philippines allowing the company to deliver Australian standard training in a low cost and controlled environment. This facility has the capacity to complete large scale residential training programs customised to meet client specific requirements. This division also incorporates Site WorkReady being the recruitment and assessment division for international clients.
- **Energy Services** refers to the establishment of specialised energy training and services delivered to the Oil and Gas industry.
- **Tertiary Education** delivers Diploma and certificate level courses at Site's campuses in Australia through the Site Institute brand and also English language courses.

The CODM monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit/loss consistent with the operating profit/loss in the consolidated financial statements. Group financing and corporate overheads are managed on a group basis and not allocated to operating segments. Transfer prices between the operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following is an analysis of the revenue and results for the period, analysed by reportable operating unit:

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 1 Operating segments continued

Year ended 30 June 2022

| | Site Skills Training (International) | Energy Services | Tertiary Education | Total Segments | Corporate and Eliminations | Total |
|---|--|--------------------|-----------------------|--------------------|----------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue from contracts with customers | | | | | | |
| Revenue from contracts with customers - external customer | 3,252,378 | 829,902 | 2,959,057 | 7,041,337 | 100,487 | 7,141,824 |
| Revenue from contracts with customers - inter-segment | 19,455 | - | - | 19,455 | (19,455) | - |
| Total segment revenue | 3,271,833 | 829,902 | 2,959,057 | 7,060,792 | 81,032 | 7,141,824 |
| Segment net operating profit / (loss) before tax | (3,066,726) | (144,581) | (329,810) | (3,541,117) | (3,064,291) | (6,605,408) |
| Interest revenue | 12,579 | - | - | 12,579 | 683 | 13,262 |
| Interest expense | (641,443) | (4,082) | (45,384) | (690,909) | (832,002) | (1,522,911) |
| Depreciation and amortisation | (735,351) | 7,009 | (151,705) | (880,047) | (482,926) | (1,362,973) |
| EBITDA | (1,702,511) | (147,508) | (132,721) | (1,982,740) | (1,750,046) | (3,732,786) |
| Segment assets as at 30 June 2022 | 6,610,573 | 313,277 | 643,932 | 7,567,782 | 1,734,886 | 9,302,668 |
| Segment liabilities as at 30 June 2022 | 9,126,244 | 439,868 | 1,674,974 | 11,241,086 | 19,354,023 | 30,595,109 |
| Capital expenditure as at 30 June 2022 | 4,234 | - | 19,034 | 23,268 | 1,000 | 24,268 |

Year ended 30 June 2021

| | Site Skills Training (International) | Energy Services | Tertiary Education | Total Segments | Corporate and Eliminations | Total |
|---|--|--------------------|-----------------------|--------------------|----------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue from contracts with customers | | | | | | |
| Revenue from contracts with customers - external customer | 2,635,034 | 567,301 | 3,820,368 | 7,022,703 | 339,836 | 7,362,539 |
| Revenue from contracts with customers - inter-segment | 19,134 | - | - | 19,134 | (19,134) | - |
| Total segment revenue | 2,654,168 | 567,301 | 3,820,368 | 7,041,837 | 320,702 | 7,362,539 |
| Segment net operating profit / (loss) before tax | (5,831,968) | (945,424) | 197,610 | (6,579,782) | (2,117,772) | (8,697,554) |
| Interest revenue | 12,195 | 2 | - | 12,197 | 2,708 | 14,905 |
| Interest expense | (615,944) | (2,515) | (19,510) | (637,969) | (1,085,449) | (1,723,418) |
| Depreciation and amortisation | (810,241) | (17,075) | (155,104) | (982,420) | (454,484) | (1,436,904) |
| EBITDA | (4,417,978) | (925,836) | 372,224 | (4,971,590) | (580,547) | (5,552,137) |
| Segment assets as at 30 June 2021 | 7,721,916 | 129,971 | 1,293,903 | 9,145,790 | 2,133,039 | 11,278,829 |
| Segment liabilities as at 30 June 2021 | 8,057,648 | 265,933 | 1,329,693 | 9,653,274 | 16,168,836 | 25,822,110 |
| Capital expenditure as at 30 June 2021 | 32,776 | - | 86,248 | 119,025 | 84,460 | 203,485 |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 1 Operating segments continued

| | Consolidated Group | |
|--|--------------------|--------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Reconciliation of loss | | |
| Segment loss | (3,541,117) | (6,579,782) |
| Inter-company management fees | 1,334,448 | 1,876,621 |
| Head office occupancy costs | (19,445) | (26,240) |
| Corporate employee benefits including Directors costs | (1,408,212) | (2,218,716) |
| Legal accounting and other professional fees | (153,081) | (316,748) |
| Travel costs | (18,152) | (21,341) |
| Depreciation and amortisation expense | (482,926) | (454,484) |
| Finance costs | (832,002) | (1,085,449) |
| Fair value gain/loss of financial liabilities at fair value | 252,458 | 979,503 |
| Other corporate costs | (1,818,411) | (1,171,620) |
| Corporate income | 81,032 | 320,702 |
| Group loss before tax from continuing operations | (6,605,408) | (8,697,554) |
| Reconciliation of assets | | |
| Segment operating assets | 7,567,782 | 9,145,790 |
| Discontinued operations | 1,438,991 | 1,944,870 |
| <i>Corporate assets</i> | | |
| Cash at bank | 15,780 | 9,716 |
| Security deposits | 258,083 | 409,359 |
| Other assets | 1,474,032 | 1,725,732 |
| Inter-segment receivables | (13,009) | (11,768) |
| Total assets per statement of financial position | 10,741,659 | 13,223,699 |
| Reconciliation of liabilities | | |
| Segment operating liabilities | 11,241,086 | 9,653,274 |
| Discontinued operations | 1,993,956 | 1,948,389 |
| <i>Corporate liabilities</i> | | |
| Corporate trade payables | 7,603,668 | 6,971,499 |
| Interest bearing debt | 11,293,218 | 8,393,200 |
| Other financial liabilities | 8,585 | 261,043 |
| Other liabilities | 448,552 | 543,094 |
| Total liabilities per statement of financial position | 32,589,065 | 27,770,499 |

Disaggregation of revenues

The group derives its revenue from the transfer of services over time and at a point in time. The following table provided a disaggregation of revenue by major revenue class and by geographical location.

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 1 Operating segments continued

Year ended 30 June 2022

| | Australia | Asia | Corporate and Eliminations | Total |
|---|------------------|------------------|----------------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Revenue from contracts with customers - external | | | | |
| Course fees | 3,186,878 | 2,949,428 | - | 6,136,306 |
| Placement services | - | 100,559 | - | 100,559 |
| Government subsidies received | - | - | - | - |
| Project income | 310,420 | 260,482 | - | 570,902 |
| Other revenue | 1,364 | 232,206 | 100,487 | 334,057 |
| Total revenue from contracts with customers - external | 3,498,662 | 3,542,675 | 100,487 | 7,141,824 |
| Revenue from contracts with customers - inter segment | - | 19,455 | (19,455) | - |
| Total revenue from contracts with customers | 3,498,662 | 3,562,130 | 81,032 | 7,141,824 |
| Timing of revenue recognition | | | | |
| Goods transferred at a point in time | - | 53 | 7,286 | 7,339 |
| Services transferred over time | 3,498,662 | 3,562,077 | 73,746 | 7,134,485 |
| Total revenue from contracts with customers | 3,498,662 | 3,562,130 | 81,032 | 7,141,824 |

Year ended 30 June 2021

| | Australia | Asia | Corporate and Eliminations | Total |
|---|------------------|------------------|----------------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Revenue from contracts with customers - external | | | | |
| Course fees | 3,527,873 | 1,311,155 | - | 4,839,028 |
| Placement services | - | 890,356 | - | 890,356 |
| Government subsidies received | 417,550 | 105,911 | 252,500 | 775,961 |
| Project income | 7,420 | 304,833 | - | 312,253 |
| Other revenue | 42,657 | 399,748 | 102,536 | 544,941 |
| Total revenue from contracts with customers - external | 3,995,500 | 3,012,003 | 355,036 | 7,362,539 |
| Revenue from contracts with customers - inter segment | - | 19,134 | (19,134) | - |
| Total revenue from contracts with customers | 3,995,500 | 3,031,137 | 335,902 | 7,362,539 |
| Timing of revenue recognition | | | | |
| Goods transferred at a point in time | - | 55 | 7,995 | 8,050 |
| Services transferred over time | 3,995,500 | 3,031,082 | 327,907 | 7,354,489 |
| Total revenue from contracts with customers | 3,995,500 | 3,031,137 | 335,902 | 7,362,539 |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 2 Earnings per share

| | Consolidated Group | |
|--|--------------------|--------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| a) Earnings used in calculating earnings per share | | |
| <i>For basic and diluted earnings per share:</i> | | |
| Net loss excluding discontinued operations expense attributable to ordinary equity holders of the parent | (6,592,436) | (8,637,238) |
| Net loss attributable to ordinary equity holders of the parent | (7,349,868) | (7,276,206) |
| b) Weighted average number of shares | | |
| Weighted average number of ordinary shares for basic and diluted earnings per share | No. 842,361,127 | No. 842,102,935 |
| c) (Loss) / earnings per share (cents) | | |
| Loss per share excluding discontinued operations attributable to the ordinary equity holders of the parent | (0.78) | (1.03) |
| Loss per share attributable to the ordinary equity holders of the parent | (0.87) | (0.86) |

Options outstanding are anti-dilutive and therefore were not considered in the calculation of diluted earnings per share for the year ended 30 June 2022 and 2021.

To calculate the EPS excluding discontinued operations expense, the weighted average number of ordinary shares is as per above. The following table provides the profit / (loss) amounts used.

| | Consolidated Group | |
|---|--------------------|-----------|
| | 2022 | 2021 |
| | \$ | \$ |
| Net profit /(loss) from discontinued operations attributable to ordinary equity holders of the parent | (757,432) | 1,361,032 |

Note 3 Revenue from contracts with customers from continuing operations

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Revenue from continuing operations | | |
| Course fees | 6,136,306 | 4,839,028 |
| Placement services | 100,559 | 890,356 |
| Government support and subsidies | - | 775,961 |
| Project income | 570,902 | 312,253 |
| Other revenue | 334,057 | 544,941 |
| | <u>7,141,824</u> | <u>7,362,539</u> |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 4 Expenses from continuing operations

| | Note | Consolidated Group | |
|---|------|--------------------|------------------|
| | | 2022 | 2021 |
| | | \$ | \$ |
| Employee benefits expense | | | |
| Wages and salaries | | 3,081,781 | 4,397,532 |
| Superannuation expense | | 248,528 | 360,497 |
| Payroll tax and workers compensation | | 108,490 | 178,660 |
| Changes in provisions for annual and long-service leave | | (90,482) | (23,721) |
| Other employment expenses | | 92,343 | 148,242 |
| Share-based payment expense | | - | 3,500 |
| | | <u>3,440,660</u> | <u>5,064,710</u> |
| Other expenses | | | |
| Legal, accounting and other professional fees | | 281,222 | 441,788 |
| Travel & accommodation | | 82,141 | 42,936 |
| Consultants cost | | 602,212 | 671,271 |
| Administrative expenses | | 1,095,396 | 1,041,020 |
| | | <u>2,060,971</u> | <u>2,197,015</u> |
| Finance costs | | | |
| Interest expense - third parties | | 327,310 | 263,917 |
| Interest expense - related parties | | 458,128 | 701,327 |
| Interest expense - lease liabilities | | 732,934 | 751,519 |
| Facilities fee | | 4,539 | 6,655 |
| | | <u>1,522,911</u> | <u>1,723,418</u> |
| Depreciation and amortisation | | | |
| Depreciation of property, plant & equipment | 7 | 467,517 | 567,085 |
| Amortisation of intangible assets | 10 | 2,004 | 9,847 |
| Depreciation of right-of-use assets | 16 | 893,452 | 859,972 |
| | | <u>1,362,973</u> | <u>1,436,904</u> |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 5 Taxation

| | Consolidated Group | |
|--|--------------------|----------------|
| | 2022 \$ | 2021 \$ |
| a) Income tax expense | | |
| The major components of income tax expense are: | | |
| <i>Statement of profit or loss and other comprehensive income</i> | | |
| <i>Current income tax</i> | | |
| Current income tax charge | - | 35,500 |
| Adjustments in respect of current income tax of previous years | (9,801) | - |
| <i>Deferred income tax</i> | | |
| Relating to origination and reversal of timing differences | 67,582 | 87,970 |
| Income tax expense / (benefit) reported in the statement of profit or loss and other comprehensive income | 57,781 | 123,470 |
| Income tax expense is attributable to | | |
| Profit (loss) from continuing operations | (12,972) | (60,316) |
| Profit (loss) from discontinued operations | 70,753 | 183,786 |
| | 57,781 | 123,470 |
| b) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Profit (loss) from continuing operations before income tax expense | (6,605,408) | (8,697,554) |
| Profit (loss) from discontinued operations before income tax expense | (686,679) | 1,544,818 |
| At the parent entity's statutory income tax rate of 30% (2020 - 30%) | (2,187,626) | (2,145,821) |
| Differential in overseas tax rate to Australian tax rate | 57,780 | 142,114 |
| Non-assessable income | (1,070,920) | (1,009,446) |
| Non-deductible expenses | 2,038,644 | 2,198,944 |
| Utilisation of previously unrecognised tax losses | - | (18,642) |
| Adjustments in respect of current income tax of previous years | - | - |
| Impairment of PP&E, intangibles and right of use assets | 132,305 | 159,303 |
| Deferred tax asset not recognised | 1,087,598 | 797,018 |
| Income tax expense | 57,781 | 123,470 |

A deferred tax asset has not been recognised for unused tax losses amounting to \$3,625,327 (tax effected: \$1,087,598).

| c) Deferred tax | Consolidated statement of financial position | | Consolidated statement of profit or loss | |
|--|--|----------------|--|----------------|
| | 2022 \$ | 2021 \$ | 2022 \$ | 2021 \$ |
| Accrued expenses | 553,849 | 507,702 | (46,147) | (61,180) |
| Superannuation payable | 16,873 | 21,349 | 4,476 | 10,814 |
| Provision for leave balance | 100,004 | 113,750 | 13,746 | 125,026 |
| Provision for impairment of receivables | 13,500 | 81,300 | 67,800 | (39,000) |
| Provision for re-credits | 23,717 | 23,717 | - | - |
| Plant and Equipment under lease | 67,033 | 94,737 | 27,704 | 54,981 |
| Other foreign entity deferrals | (11,402) | (11,717) | 3 | (2,671) |
| Deferred tax benefit | | | 67,582 | 87,970 |
| Net deferred tax assets | 763,574 | 830,838 | | |
| Reconciliation of net deferred tax asset /(liability) | | | 2022 \$ | 2021 \$ |
| As of 1 July | | | 830,838 | 921,060 |
| Opening balance adjustment | | | 318 | (2,252) |
| Tax income during the period recognised in profit or loss | | | (67,582) | (87,970) |
| As at 30 June | | | 763,574 | 830,838 |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 6 Trade and other receivables

| | Consolidated Group | |
|---|--------------------|--------------|
| | 2022 | 2021 |
| | \$ | \$ |
| CURRENT | | |
| Receivables from contracts with customers | 21,823,436 | 22,287,479 |
| Allowances for expected credit losses | (21,022,645) | (21,248,645) |
| | <hr/> | <hr/> |
| Other receivables | 800,791 | 1,038,834 |
| | <hr/> | <hr/> |
| Total current trade and other receivables | 920,747 | 1,188,543 |
| | <hr/> | <hr/> |

Trade receivables includes an amount of \$20,977,645, representing a portion of a total reconciliation payment of \$28,969,145 receivable from the Commonwealth Government Department of Education and Training (DET) for services performed prior to 30 June 2017. The difference of \$7,991,500 was impaired in an earlier period, which should not be taken as an assertion by the Group that the Group is not entitled to this amount.

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 7 Property, plant and equipment

| | Consolidated Group | |
|--|--------------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Plant and equipment | | |
| Leasehold improvements | | |
| At cost | 7,893,709 | 8,151,518 |
| Accumulated depreciation and impairment | (6,632,099) | (6,475,035) |
| Net carrying amount - leasehold improvements | 1,261,610 | 1,676,483 |
| Capital works in progress | | |
| At cost | 1,758,687 | 1,816,337 |
| Computer equipment | | |
| At cost | 790,931 | 785,651 |
| Accumulated depreciation | (735,491) | (691,718) |
| Net carrying amount - computers | 55,440 | 93,933 |
| Furniture and fittings | | |
| At cost | 2,146,643 | 2,206,309 |
| Accumulated depreciation | (2,089,423) | (2,112,482) |
| Net carrying amount - furniture and fittings | 57,220 | 93,827 |
| Vehicles | | |
| At cost | 53,499 | 55,333 |
| Accumulated depreciation | (53,499) | (55,333) |
| Net carrying amount - vehicles | - | - |
| Total property, plant and equipment | 3,132,957 | 3,680,580 |

(a) Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

| | Leasehold Improvements | Capital Works in Progress | Computers | Furniture & Fittings | Vehicles | Total |
|--------------------------------|---------------------------|------------------------------|---------------|-------------------------|----------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Consolidated Group: | | | | | | |
| Balance at 30 June 2021 | 5,843,439 | 1,970,051 | 111,388 | 410,736 | 4,028 | 8,339,642 |
| Additions | 788 | 238,784 | 59,714 | 81,323 | 4,440 | 385,049 |
| Transfers - in (out) | 193,774 | (265,048) | 36,662 | 11,038 | - | (23,574) |
| Disposals | (762,779) | - | (31,542) | (229,193) | (7,494) | (1,031,008) |
| Depreciation expense | (410,522) | - | (80,596) | (173,037) | (2,175) | (666,330) |
| Impairment expense | (2,834,384) | - | (1,574) | (986) | - | (2,836,944) |
| Exchange rate differences | (353,833) | (127,450) | (119) | (6,054) | 1,201 | (486,255) |
| Balance at 30 June 2021 | 1,676,483 | 1,816,337 | 93,933 | 93,827 | - | 3,680,580 |
| Additions | 3,779 | 2,536 | 9,182 | 8,771 | - | 24,268 |
| Disposals | - | - | (5,376) | - | - | (5,376) |
| Depreciation expense | (379,121) | - | (43,463) | (44,933) | - | (467,517) |
| Impairment expense | - | - | - | - | - | - |
| Exchange rate differences | (39,531) | (60,186) | 1,164 | (445) | - | (98,998) |
| Balance at 30 June 2022 | 1,261,610 | 1,758,687 | 55,440 | 57,220 | - | 3,132,957 |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 8 Intangible assets

| | Consolidated Group | |
|--|--------------------|----------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Non-Current | | |
| Goodwill | | |
| Net carrying value | - | 441,015 |
| Training licences and course material | | |
| Cost | 1,613,191 | 1,597,005 |
| Accumulated amortisation and impairment | (1,611,157) | (1,593,016) |
| Net carrying value | 2,034 | 3,989 |
| Customer contracts | | |
| Cost | 1,615,542 | 1,615,542 |
| Accumulated amortisation | (1,615,542) | (1,615,542) |
| Net carrying value | - | - |
| Software development | | |
| Cost | 115,745 | 115,745 |
| Accumulated amortisation | (115,745) | (115,745) |
| Net carrying value | - | - |
| Total intangible assets | 2,034 | 445,004 |

(a) Reconciliation of carrying amounts at the beginning and end of the period

Movements in carrying amounts for each class of intangible between the beginning and the end of the current financial year:

| | Goodwill | Training Licences Courses | Software Development | Total |
|--------------------------------|----------------|---------------------------|----------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Consolidated Group: | | | | |
| Balance at 30 June 2020 | 441,015 | 532,047 | 277,546 | 1,250,608 |
| Additions | - | 114,926 | 103,410 | 218,336 |
| Transfers in | - | - | 23,574 | 23,574 |
| Disposals | - | (483,933) | (254,342) | (738,275) |
| Amortisation expense | - | (159,030) | (150,188) | (309,218) |
| Exchange rate differences | - | (21) | - | (21) |
| Balance at 30 June 2021 | 441,015 | 3,989 | - | 445,004 |
| Amortisation expense | - | (2,004) | - | (2,004) |
| Impairment expense | (441,015) | - | - | (441,015) |
| Exchange rate differences | - | 49 | - | 49 |
| Balance at June 2022 | - | 2,034 | - | 2,034 |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 9 Trade and other payables

| | Consolidated Group | |
|---------------------------------------|--------------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Current | | |
| Unsecured liabilities | | |
| Trade payables | 4,095,583 | 3,051,291 |
| Employee related payables | 2,248,607 | 1,864,159 |
| Accruals | 1,874,604 | 1,380,281 |
| Other payables | 210,954 | 52,525 |
| Total trade and other payables | 8,429,748 | 6,348,256 |

| | Consolidated Group | |
|---------------------------------------|--------------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Non-current | | |
| Unsecured liabilities | | |
| Trade payables | 4,581,310 | 4,581,310 |
| Accruals | 1,013,773 | 1,013,773 |
| Total trade and other payables | 5,595,083 | 5,595,083 |

Non-current trade payables and accruals balances include commission payable to agents on receipt of the reconciliation payment receivable from the DET (see note 6).

The non-current accruals account also includes \$475,352 representing executive STI bonuses payable on receipt of the reconciliation payment receivable from the DET.

Amounts have been classified as non-current as the Group has no contractual obligation to settle the liabilities unless payment of the outstanding receivable due from the Commonwealth Government as per note 6 is received. Although the Group intends to pursue recovery of the outstanding receivable in full, as such recovery action is at the discretion of the Group, the directors are satisfied that an unconditional right of deferral exists for the liabilities until such time as the debtor is received.

Note 10 Contract liabilities

The amount of the contract liability recognised at the beginning of the period was recognised as revenue during the 2022 year. All contract liabilities outstanding at 30 June 2022 are expected to be recognised as revenue within the next twelve months.

| | Consolidated Group | |
|------------------|--------------------|--------|
| | 2022 | 2021 |
| | \$ | \$ |
| Unearned revenue | 43,305 | 88,113 |

| | Consolidated Group | |
|---|--------------------|---------------|
| | 2022 | 2021 |
| | \$ | \$ |
| At 1 July 2021 | 88,113 | 812,474 |
| Deferred during the year | 569,536 | 2,801,176 |
| Released to statement of profit or loss | (614,344) | (3,525,537) |
| At 30 June 2022 | 43,305 | 88,113 |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 11 Interest bearing debt

Current financial liabilities

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Secured loans due within 12 months | 2,869,893 | 2,015,798 |
| Unsecured related party loans - current | 7,642,015 | - |
| | <u>10,511,908</u> | <u>2,015,798</u> |

Non-current financial liabilities

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Unsecured related party loans - non current | - | 5,234,958 |
| | <u>-</u> | <u>5,234,958</u> |

Note 12 Provisions

| | Consolidated Group | |
|----------------------------------|--------------------|----------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Current | | |
| Employee - annual leave | 194,122 | 234,768 |
| Other | 104,902 | 110,464 |
| | <u>299,024</u> | <u>345,232</u> |
| Non-current | | |
| Provision for long service leave | 139,225 | 177,095 |
| Provision for pension liability | 93,257 | 150,617 |
| | <u>232,482</u> | <u>327,712</u> |

Pension liability

The Group has an obligation in the Philippines to provide for the retirement obligations of staff after 5 years of service should that person reach retirement age. The defined benefit plan is unfunded and covers the majority of permanent employees.

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 13 Financial instruments at fair value through profit and loss

The carrying values of all financial instruments approximate their fair values at end of reporting period.

| | Consolidated Group | |
|----------------------|--------------------|---------|
| | 2022 | 2021 |
| | \$ | \$ |
| Current | | |
| Derivative Liability | 8,585 | 166,798 |

| | Consolidated Group | |
|----------------------|--------------------|--------|
| | 2022 | 2021 |
| | \$ | \$ |
| Non-Current | | |
| Derivative Liability | - | 94,245 |

The current derivative liability represents the fair value of the 41,666,667 options issued as part of the financing agreement with Lucerne Investment Partners (Lucerne), Aligned Capital & Armada Trading. These options have an exercise price of 3 cents per share.

The non-current derivative liability represented the fair value of the conversion feature of the loan with Punta Properties Inc.

The above derivatives are valued using a black scholes model and are carried at fair value.

Note 14 Issued capital

| | Consolidated Group | |
|---|--------------------|-------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| 842,361,127 fully paid ordinary shares; 1,116,000 partly paid ordinary shares (2021: 842,361,127 fully paid ordinary shares; 1,116,000 partly paid ordinary shares) | 86,170,038 | 86,170,038 |
| Cost of capital raising | (2,450,498) | (2,450,498) |
| | <u>83,719,540</u> | <u>83,719,540</u> |

(a) Ordinary Shares

| | No. Shares | \$ |
|--|--------------------|-------------------|
| 30 June 2020 share capital | 830,581,138 | 83,366,140 |
| Share issue 8 July 2020* | 11,779,989 | 353,400 |
| 30 June 2021 & 30 June 2022 share capital | <u>842,361,127</u> | <u>83,719,540</u> |

On 8 July 2020 – the Company issued 11,779,989 shares under a share purchase plan at the issue price of \$0.030 per share

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 14 Issued capital continued

(b) Options

- i. No options were issued to key management personnel during the financial year.

(c) Capital management

Management control the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

During 2022 and 2021, the Group did not pay any dividends.

Note 15 Accumulated losses and reserves

(a) Movement in accumulated losses and reserves

| | Consolidated Group | |
|-------------------------------------|----------------------|----------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Balance 1 July | (100,961,979) | (93,785,651) |
| Net (loss) / profit for the period | (7,349,868) | (7,276,206) |
| Other comprehensive income / (loss) | 44,444 | 99,878 |
| Balance 30 June | <u>(108,267,403)</u> | <u>(100,961,979)</u> |

(b) Other reserves

| | Consolidated Group | | |
|------------------------------|----------------------|------------------------------|------------------|
| | Share based payments | Foreign currency translation | Total |
| | \$ | \$ | \$ |
| At 30 June 2020 | 1,534,862 | 1,431,155 | 2,966,017 |
| Foreign currency translation | - | (273,878) | (273,878) |
| Share based payment | 3,500 | - | 3,500 |
| At 30 June 2021 | <u>1,538,362</u> | <u>1,157,277</u> | <u>2,695,639</u> |
| Foreign currency translation | - | 4,818 | 4,818 |
| Share based payment | - | - | - |
| At 30 June 2022 | <u>1,538,362</u> | <u>1,162,095</u> | <u>2,700,457</u> |

(c) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Share based payments reserve

The share-based payments reserve is used to record the value of share based payments provided to employees, including KMP, as part of their remuneration.

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 16 Leased assets and leased liabilities

Lease assets

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2022 \$ | 2021 \$ |
| Right-of-use assets | | |
| Buildings under lease arrangements | | |
| At cost | 2,864,607 | 2,520,011 |
| Accumulated depreciation and impairment | (2,019,621) | (1,414,297) |
| | 844,986 | 1,105,714 |
| Land under lease arrangements | | |
| At cost | 3,488,166 | 3,607,709 |
| Accumulated depreciation | (675,327) | (460,475) |
| | 2,812,839 | 3,147,234 |
| Vehicles under lease arrangements | | |
| At cost | 227,140 | 232,420 |
| Accumulated depreciation | (209,162) | (175,492) |
| | 17,978 | 56,928 |
| Total carrying amount of leased assets | 3,675,803 | 4,309,876 |

Movements in carrying amounts for each class of right-of-use asset between the beginning and the end of the current financial year are as follows:

| | Land \$ | Buildings \$ | Motor Vehicles \$ | Total \$ |
|---------------------------------------|------------------|------------------|----------------------|------------------|
| Balance at 30 June 2020 | 3,634,372 | 2,352,986 | 113,381 | 6,100,739 |
| Impact of initial adoption of AASB 16 | - | - | - | - |
| Additions | - | 1,906,570 | - | 1,906,570 |
| Disposals | - | (1,471,001) | - | (1,471,001) |
| Depreciation | (227,930) | (1,201,329) | (49,936) | (1,479,195) |
| Impairment loss | - | (475,965) | - | (475,965) |
| Exchange rate differences | (259,208) | (5,547) | (6,517) | (271,272) |
| Balance at 30 June 2021 | 3,147,234 | 1,105,714 | 56,928 | 4,309,876 |
| Additions | - | 391,771 | - | 391,771 |
| Depreciation | (234,736) | (620,808) | (37,908) | (893,452) |
| Impairment loss | - | (28,276) | - | (28,276) |
| Exchange rate differences | (99,659) | (3,415) | (1,042) | (104,116) |
| Balance at 30 June 2022 | 2,812,839 | 844,986 | 17,978 | 3,675,803 |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 16 Leased assets and leased liabilities continued

Lease liabilities

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Lease liabilities - current | | |
| Land | 191,528 | 257,583 |
| Buildings | 860,118 | 748,350 |
| Motor vehicles | 10,994 | 21,591 |
| | 1,062,640 | 1,027,525 |
| Lease liabilities - non-current | | |
| Land | 5,973,047 | 5,597,975 |
| Buildings | 433,243 | 917,505 |
| Motor vehicles | - | - |
| | 6,406,290 | 6,515,480 |
| Total carrying amount of lease liabilities | 7,468,930 | 7,543,005 |

Movements in lease liabilities for each class of right-of-use asset between the beginning and the end of the current financial year are as follows:

| | Land | Buildings | Motor Vehicles | Total |
|--------------------------------|------------------|------------------|----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 30 June 2020 | 6,425,998 | 3,317,158 | 91,238 | 9,834,394 |
| Additions | - | 1,949,604 | - | 1,949,604 |
| Disposals | - | (2,468,332) | (18,014) | (2,486,346) |
| Lease repayments | (624,756) | (1,438,977) | (54,781) | (2,118,514) |
| Interest | 577,563 | 355,159 | 3,148 | 935,870 |
| Exchange rate differences | (523,247) | (48,757) | - | (572,004) |
| Balance at 30 June 2021 | 5,855,558 | 1,665,855 | 21,591 | 7,543,004 |
| Additions | - | 391,771 | - | 391,771 |
| Lease repayments | (801,716) | (921,712) | (10,597) | (1,734,025) |
| Interest | 587,612 | 145,322 | - | 732,934 |
| Exchange rate differences | 523,121 | 12,125 | - | 535,246 |
| Balance at 30 June 2022 | 6,164,575 | 1,293,361 | 10,994 | 7,468,930 |

In addition to the depreciation and interest disclosed above, the Group recognised the following expenses relating to leases:

| | 2022 | 2021 |
|---|----------|-----------|
| | \$ | \$ |
| Expense relating to leases of 12-months or less (for which a lease asset and lease liability has not been recognised) | (8,000) | (182,757) |
| Expense relating to leases of low value assets (for which a lease asset and lease liability has not been recognised) | (76,207) | (18,727) |

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 17 Discontinued operations

In December 2016, the Group publicly announced the closure of Productivity Partners Pty Ltd's business, and the closure of VET FEE-HELP related campuses. The closure was a direct result of the Commonwealth Government passed legislative changes. Productivity Partners Pty Ltd has been classified as a discontinued operation and the company is no longer included in the 'Tertiary Education' segment of the segment note.

In February 2021, the Group announced their intention to exit its Australian domestic industry focussed RTO business Site Skills Training - Domestic, by the way of sale of its training facilities, assets and training equipment to Competency Training Pty Ltd, a subsidiary of Verbec Ltd (ASX: VBC). The sale of the business was finalised on 12 April 2021, and it is reported in the current period as discontinued operations.

Financial information relating to the discontinued operations of both Productivity Partners Pty Ltd and Site Skills Training – Domestic segment is set out below.

Financial performance information

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Revenue | (9,850) | 9,576,577 |
| Expenses | (676,829) | (11,601,755) |
| Profit / (loss) before income tax | (686,679) | (2,025,178) |
| Income tax benefit | (70,753) | 887,213 |
| Profit / (loss) after income tax of discontinued operations | (757,432) | (1,137,965) |
| Gain / (loss) on sale of business after income tax | - | 2,498,997 |
| Profit / (loss) from discontinued operations | (757,432) | 1,361,032 |

There is no other comprehensive income in the discontinued operations.

In the event that Competency Training Pty Ltd achieves a certain revenue target post settlement for the periods ended 30 June 2022 and 30 June 2023 as specified in an 'earn out' clause in the sale agreement, additional cash consideration of up to \$2,500,000 will be receivable.

At 30 June 2022, the fair value of the consideration was determined to be \$1,383,085. It has been recognised as a financial asset at fair value through the profit or loss. Fair value was determined as a level 3 measurement with unobservable inputs of a risk adjusted discount rate of 14.93% and expected cash inflows of \$600,000 for the period ended 30 June 2022 and \$900,000 for the period ended 30 June 2023.

Note 18 Events after the reporting period

Clark property transaction

On 1 August 2022, the Group announced that the Clark property transaction would proceed as follows:-

- The investor group will now pay a total of US\$10.01m to subscribe for a 61.6% interest in SGH, rather than US\$10m for a 62.5% interest in SGH as per the below table.
- Site will retain the balance of 38.4% of SGH.
- The investors comprise a related party, existing substantial shareholders of Site as well as high net worth investors.

Notes to the Financial Statements for the Year Ended 30 June 2022 continued

Note 18 Events after the reporting period continued

| Investor | US\$ | % of SGH |
|--|---------------|--------------|
| Punta Properties, an entity associated with Site's Chairman Mr Nicasio Alcantara | 7.25m | 44.6% |
| Armada Trading Pty Ltd, an entity associated with Mr Tony Berg | 1.6m | 9.8% |
| Wayburn Holdings Pty Ltd, an entity associated with Mr Vernon Wills | 0.42m | 2.6% |
| Lucerne Finance Pty Ltd | 0.32m | 1.9% |
| Llwyn Pty Ltd ATF Llwyn York Trust & Llwyn Wentbridge Trust | 0.42m | 2.6% |
| TOTAL | 10.01m | 61.6% |

The US\$10.01m consideration will be provided through a combination of cash and the partial conversion of moneys owed by Site to some existing financiers into SGH equity. The total cash consideration (less an amount of US\$0.25m) will be applied by SGH to the repayment of loans it owes to Site. The S\$0.25m retained by SGH and the funds received by Site will be applied for working capital purposes.

The transaction remains subject to Site obtaining shareholder approval pursuant to Listing rule 10.1 and Chapter 2E of the Corporations Act, and as such Site will hold an extraordinary general meeting to seek shareholder approval for the transaction.

An independent expert's report will be made available to shareholders together with a Notice of Meeting to seek shareholder approval to the proposed transaction.

Share placement

On 2 August 2022 the Group announced the completion a placement to sophisticated and professional investors ("Placement") through the issue of 210 million fully paid ordinary shares ("Placement Shares").

The issue price of the Placement Shares is \$0.0035 each.

Future funding commitment

On 2 August 2022 the Group announced the intention to be proceed with a rights issue to existing shareholders in the near future. EGP Capital Fund have provided a commitment to the company to take up their rights and contribute to any shortfall up to a combined amount of \$1 million, subject to all regulatory requirements. The funds raised from the rights issue will be used to meet future capital requirements, including working capital (primarily associated with realising the Clark asset), and retirement of Site debt.